

Message Text

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ACTION TRSE-00

INFO OCT-01 AF-06 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

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NSAE-00 INRE-00 AGR-05 CEQ-01 EPA-01 FEA-01 INT-05

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FM AMEMBASSY DAKAR

TO SECSTATE WASHDC IMMEDIATE 2893

INFO AMEMBASSY ABIDJAN

AMEMBASSY BAMAKO

AMEMBASSY MONROVIA

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E.O. 11652: N/A

TAGS: EAID, EFIN, AFDB, SG

SUBJ: TREASURY/CONGRESSIONAL PROJECT REVIEW TRIP

PASS TREASURY FOR ZINMAN/DRESS AND EMERSON DAVIS, JR.

REF: STATE 269827

1. AS REQUESTED REFTEL, SATURDAY AFTERNOON PROJECT VISIT WILL BE TO UNIVERSITY TECHNOLOGICAL INSTITUTE (IUT). EMBASSY PROVIDES BELOW REQUESTED DATA ON IUT, BUD-SENEGAL AND DAKAR AIRPORT EXTENSION PROJECT. AS THESE ARE ALL IBRED PROJECTS, FURTHER INFORMATION SHOULD BE AVAILABLE AT IBRD IF DESIRED. BACKGROUND IS ALSO PROVIDED BELOW ON OMVS AS MAJOR PROJECT OF GENERAL INTEREST. BRIEF PROFILES OF SOFISEDIT, SONED AND BNDS, WHICH MAY BE REPRESENTED AT MINISTRY OF PLAN BRIEFING, WILL BE PROVIDED SOONEST.

2. UNIVEERSITY TECHNOLOGICAL INSTITUTE (IUT):

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(A). DATE AND AMOUNT OF IBRD PARTICIPATION: IUT IS IDA-

SUPPORTED, APPARENTLY UNDER IBRD'S "FIRST EDUCATION PROJECT" (CR. 243-SE) OF \$2 MILLION OF JUNE 18, 1971 WHICH HAS CLOSING DATE OF OCT 1, 1976. (IBRD SHOULD BE ABLE TO VERIFY PROJECT AFFILIATION; EMBASSY UNDERSTANDS THAT, IN ADDITION TO CONSTRUCTION AND EQUIPMENT OF IUT, DR. 243-SE ALSO FUNDED EQUIPMENT FOR TWO EXISTING TECHNICAL LYCEES, FOR NATIONAL MARINE TRAINING SCHOOL AND FOR EXISTING AGRICULTURAL SCHOOL).

(B). PROJECT DESCRIPTION AND PURPOSE: IUT WAS ESTABLISHED IN 1964 AS POLYTECHNIQUE INSTITUTE. UPGRADED INSTITUTE NOW OFFERS TWO-YEAR DIPLOMA COURSES IN ELECTRICAL, CHEMICAL, MECHANICAL AND CIVIL ENGINEERING, METEOROLOGY, BUSINESS MANAGEMENT, MARKETING TECHNIQUES AND HOTEL/TOURISM MANAGEMENT. FROM 1964 THROUGH 1973, IUT AWARDED 205 DIPLOMAS. UNDER CURRENT NATIONAL DEVELOPMENT PLAN (1973-77), \$5 MILLION INVESTMENT IS PROJECTED IN CONSTRUCTION AND EQUIPPING OF NEW LABORATORIES, CLASSROOMS AND OTHER BUILDINGS, OF WHICH \$3.5 MILLION IS BEING FINANCED BY FRENCH ASSISTANCE FUND AND IDA TOGETHER, WHILE GOS IS FUNDING REMAINING \$1.3 MILLION. NEW FACILITIES FINANCED BY IDA CREDIT AND NOW NEAR COMPLETION WILL PERMIT IUT TO TRAIN 350 STUDENTS ANNUALLY. INSTITUTE ALSO HAS RESEARCH FUNCTION AND IS EQUIPPED WITH COMPUTER CENTER AND MODERN LABORATORIES.

(C). BENEFIT: TOGETHER WITH SECONDARY-LEVEL POLYTECHNIQUES, IUT IS DESIGNED TO FILL SENEGAL'S REQUIREMENTS FOR TECHNICAL TRAINING FOR MODERN ECONOMIC SECTOR. IN ADDITION, CURRENT IUT RESEARCH PROGRAMS RANGE FROM WORK ON PRACTICAL APPLICATIONS OF SOLAR ENERGY TO ECONOMIC STUDIES BEING CARRIED OUT WITH AID SUPPORT WHICH ARE EXPECTED TO BE OF ASSISTANCE TO GOS IN IMPLEMENTING NATIONAL DEVELOPMENT PLAN.

(D). RELATIONSHIP TO NATIONAL DEVELOPMENT PLAN AND OTHER PROGRAMS IN EDUCATIONAL SECTOR: IUT PLAYS KEY ROLE IN OVERALL GOS TECHNICAL EDUCATION PROGRAM. INVESTMENT IN IUT UNDER CURRENT DEVELOPMENT PLAN ACCOUNTS FOR 14 0/0 OF PROJECTED EXPENDITURE OF \$35 MILLION IN HIGHER EDUCATION. IUT'S UPPER-LEVEL INSTRUCTION COMPLEMENTS SECONDARY-LEVEL TECHNICAL AND COMMERCIAL TRAINING PROGRAMS CONDUCTED BY LYCEES IN DAKAR AND ST LOUIS. CURRENT "SECOND EDUCATION PROJECT" BY IBRD WILL REINFORCE "FIRST PROJECT"

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THROUGH CREDITS FOR SECONDARY-LEVEL VOCATIONAL TRAINING CENTERS EMPHASIZING PRACTICAL SCIENTIFIC AND TECHNICAL COURSES. EXPANSION OF IUT AND SECONDARY-LEVEL CENTERS IS IN SUPPORT OF DEVELOPMENT PLAN OBJECTIVE OF AUGMENTING TECHNICAL AND PROFESSIONAL TRAINING FACILITIES TO RESPOND TO NEEDS ALREADY PRESENT IN LOCAL INDUSTRY OR EXPECTED TO BE CREATED BY EXPANSION FORESEEN DURING PLAN PERIOD. TECHNICAL TRAINING PROGRAMS CONSTITUTE SIGNIFICANT PART OF EDUCATIONAL

DEVELOPMENT PLAN ON WHICH GOS PLACES HIGH IMPORTANCE. SENEGAL'S RECURRENT EXPENDITURES ON EDUCATION ALONE HAVE REPRESENTED ABOUT 25 0/0 OF NATIONAL RECURRENT BUDGET IN RECENT YEARS, AND CURRENT NATIONAL DEVELOPMENT PLAN CALLS FOR TOTAL CAPITAL EXPENDITURE OF \$87 MILLION ON EDUCATION.

2. BUD-SENEGAL:

(A) AMOUNT AND DATE OF LOAN: INTERNATIONAL FINANCE CORPORATION OF IBRD PROVIDED \$180,000 AS EQUITY CAPITAL TO BUD-SENEGAL UPON ITS FORMATION IN FEBRUARY 1972. IFC HAS SINCE PARTICIPATED IN AUGMENTATION OF CAPITAL, AND NOW HOLDS 10.5 0/0 OF \$5.689 MILLION EQUITY.

(B) PROJECT DESCRIPTION AND PURPOSE:

BUD-SENEGAL IS FIRST AND LARGEST COMMERCIAL FARM OPERATING IN SENEGAL. ITS PRODUCTION OF AROUND 9,000 METRIC TONS OF VEGETABLES ON 525 HECTARES OF LAND DURING 1975 EARNED VALUABLE FOREIGN EXCHANGE AND HELPED FILL LOCAL DEMAND FOR FRESH FRUITS AND VEGETABLES. IFC PARTICIPATION WAS ESSENTIAL TO BRINGING ENTERPRISE INTO OPERATION.

(C) BENEFIT:

ALTHOUGH NO QUANTIFIABLE ESTIMATES ARE AVAILABLE, BUD HAS BENEFITED SENEGAL THROUGH ITS FOREIGN EXCHANGE EARNINGS, INCREASED FOOD PRODUCTION, EMPLOYMENT, AND INTRODUCTION OF MODERN FARMING TECHNIQUES.

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INFO AMEMBASSY ABIDJAN
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(D) RELATIONSHIP TO DEVELOPMENT PROGRAM:

DEVELOPMENT PLAN PROJECTS EXPENDITURE OF \$32.37 MILLION ON EXPANSION OF COMMERCIAL FRUIT AND VEGETABLE PRODUCTION BETWEEN 1973 AND 1977. ALMOST 60 0/0 OF THIS WILL BE INVESTED IN BUD. MONEY IS BEING PROVIDED TO BUD FROM MANY SOURCES, INCLUDING EUROPEAN DEVELOPMENT FUND AND WEST GERMAN DEVELOPMENT BANK. OTHER COMMERCIAL VEGETABLE PROJECTS PLANNED BY SENEGAL WILL BE BASED ON PIONEERING WORK DONE BY BUD.

(E) INFORMATION ON GOVERNMENT'S OWN PROGRAM IN SECTOR:

SENEGALESE GOVERNMENT IS 48 0/0 SHAREHOLDER IN BUD-SENEGAL, SO BUD'S EXPANSION IS CLOSELY SUPERVISED BY MINISTRY OF RURAL DEVELOPMENT. PROJECT REFLECTS CURRENT NATIONAL DEVELOPMENT PLAN'S EMPHASIS ON SECTOR COMPRISING AGRICULTURE, LIVESTOCK, FISHING AND ENVIRONMENTAL MANAGEMENT. PLAN CALLS FOR DIVERSIFICATION OF AGRICULTURAL PRODUCTION, ADOPTION OF INTENSIVE

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CULTIVATION METHODS AND MAXIMIZING USE OF AVAILABLE WATER RESOURCES. THIS POLICY REFLECTS VIEW THAT SENEGAL MUST REDUCE ITS DEPENDENCE ON SEASONAL RAINFALL AND ON EXPORT RECEIPTS OF SINGLE CROP (PEANUTS) WITH ELASTIC INTERNATIONAL DEMAND.

3. DAKAR AIRPORT MODERNIZATION

(A) AMOUNT OF LOAN \$3 MILLION; TOTAL COST OF PROJECT: \$4 MILLION; APPROVED: DEC 19, 1972.

(B) PROJECT DESCRIPTION AND PURPOSE:

PROJECT CONSISTED OF LENGTHENING RUNWAY FROM 2900 TO 3550 METERS, PROVISION OF LIGHTING FOR EXTENDED RUNWAY, CONSTRUCTION OF TWO ADDITIONAL AIRCRAFT PARKING POSITIONS, AND RELOCATION OF INSTRUMENT LANDING SYSTEM LOCALIZER. PURPOSE WAS TO ALLOW LONG-RANGE JET AIRCRAFT SUCH AS 747S TO USE DAKAR AIRPORT ECONOMICALLY AND SAFETLY.

(C) BENEFIT:

PROJECT RETURN CALCULATED BY IBRD WAS 15 0/0 PER YEAR, WHICH AMOUNTED TO TRIPLED OF NET PROFIT FROM DAKAR AIRPORT BETWEEN 1972 AND 1980. CALCULATIONS INCLUDED NET INCREASE IN AIRPORT USER CHARGES, INCREMENTAL TAXES ON JET FUEL PROVIDED BY LOCAL REFINERY, AND ICOME FROM LAYOVER OF CREW.

(D) RELATIONSHIP TO DEVELOPMENT PROGRAM:

GOVERNMENT IS SPENDING \$47.3 MILLION DURING CURRENT PLAN PERIOD ON UPGRADING OF INTERNATIONAL AIRPORT AT DAKAR AND 18 AIRPORTS AND LANDING STRIPS AROUND SENEGAL. INTERNAL AIRSTRIPS WILL PLAY INCREASINGLY IMPORTANT ROLE IN MOVING PASSENGERS AND GOODS AROUND COUNTRY, WHILE INTERNATIONAL AIRPORT IS DESIGNED TO BOLSTER TOURIST TRADE AND DAKAR'S ROLE AS REGIONAL TRANSPORT CENTER. (NATIONAL DEVELOPMENT PLAN FORECASTS 21,300 TOURIST ARRIVALS FOR 1977, SUPPORTING DIRECT EMPLOYMENT OF 4,400 SENEGALESE, AND GENERATING RECEIPTS OF \$67 MILLION.)

4. OMVS (SENEGAL RIVER DEVELOPMENT ORGANIZATION)

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(A) AMOUNT AND DATE OF LOAN:

IBRD CFA 6.6 MILLION (\$33 MILLION); AFRICAN DEVELOPMENT BANK CFA 14 BILLION (\$70 MILLION); TOTAL ESTIMATED COST: CFA 73 BILLION (\$65 MILLION); (AMOUNTS PLEDGED BUT NOT YET APPROVED).

(B) PROJECT DESCRIPTION AND PURPOSE:

OMVS (ORGANIZATION POUR LE MISE EN VALEUR DU FLEUVE SENEGAL) IS UNDERTAKING OF THREE GOVERNMENTS (MALI, MAURITANIA, SENEGAL) BORDERING SENEGAL RIVER. OVERALL PLAN ENVISIONS TWO DAMS ON RIVER, PORT AT ST LOUIS AND 880 MILLION KWH POWER PLANT. OBJECTIVES ARE TO BRING EVENTUAL 440,000 HECTARES INTO CULTIVATION, PROVIDE ELECTRIC POWER FOR EXPLOITATION OF SENEGAL'S IRON ORE DEPOSITS, AND MAKE RIVER NAVIGABLE.

(C) BENEFIT:

ASIDE FROM IRRIGATION, RIVER NAVIGABILITY, AND ELECTRIC POWER, PROJECT WOULD OPEN UP VAST AREA FOR SETTLEMENT AND ECONOMIC DEVELOPMENT. POLITICAL IMPACT OF REGIONAL COOPERATION WOULD BE PERHAPS AS IMPORTANT AS ECONOMIC BENEFITS.

(D) RELATION TO NATIONAL DEVELOPMENT PROGRAM:

OMVS IS NOT INCLUDED IN NATIONAL DEVELOPMENT PLAN BECAUSE OF ITS SIZE AND REGIONAL SCOPE. HOWEVER, IT IS MOST AMBITIOUS VENTURE CURRENTLY BEING UNDERTAKEN BY GOVERNMENT, AND IF IT COMES TO

FRUITION, WILL BE MOST IMPORTANT SINGLE PROJECT FOR ENTIRE REGION.

GOVERNMENT HAS PROJECTED SPENDING \$96 MILLION ON HYDRO-AGRICULTURAL PROJECTS DURING CURRENT PLAN PERIOD. SOME OF THESE PROJECTS WILL DEPND ON OMVS WHILE OTHERS WILL BE UNDERTAKEN ON GAMBIA RIVER (IN COOPERATION WITH THE GAMBIA) AND CASAMANCE RIVER. HYDRO-AGRICULTURAL PROGRAMS ARE ESSENTIAL TO MAKING COUNTRY LESS DEPENDENT ON RAINFALL AND IMPORTS OF IMPORTED FOODGRAINS. WITHOUT INCREASE IN IRRIGATED AREA UNDER CULTIVATION, SENEGAL WILL REMAIN SUSCEPTIBLE TO FUTURE RECURRENCES OF THE 1967-73 DROUGHT.

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